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Hertz NEWS

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1979 SPENDING ON CARS & TRUCKS TOPS HALF-TRILLION DOLLARS, UP 17% OVER '78

Despite a drop in driving, U.S. spending to own and run cars and trucks soared 17% to $516.7 billion last year, a record $74.1 billion over 1978, Hertz Corporation's annual study estimated today.

"Increases in every type of motoring cost -- from fuel to license fees -- combined to push vehicle expenses to almost 22% of the country's gross national product, the highest share in history," said J.E. Menendez, executive vice president of the lease-rental company.

Average passenger-car cost-per-mile jumped 3.8¢ or 16.4% from 22.8¢ in 1978 to 26.6¢ in 1979. Annual dollar outlay per auto -- which reflects the lower mileage -- was up $260, or 12.4%, from $2,092 to $2,352 for the year, the report shows.

Expenses for new vehicles are substantially higher than these averages, the company pointed out, but cost of older units is usually somewhat less. The study averages prices for the full 12 months, rather than taking year-end data, so current expenses are even greater than listed, the firm said.

"Since 1972, the last full year before the Arab oil embargo, per-mile passenger-car expenses have risen nearly 120%, and per-mile truck costs are up 158%, while the overall inflation rate was 73%," said Mr. Menendez, whose firm bases its annual estimate on records kept for the more than 250,000 vehicles in its lease-rental fleets.

Estimates of combined car and truck mileage indicate an overall decline of some 1.5% in 1979, the Hertz report states. But total passenger-car travel was down more than 3% and automobile pleasure-driving alone plunged 13%. Aggregate truck mileage, climbed 3% for the year.

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Per-car driving dropped from an average of 9,165 miles-per-year in 1978 to just 8,850 in 1979, a fall of almost 15% from 1972's 10,362. However, the number of cars on the road rose some 23% in those seven years, from 96.8 million units in 1972 to 118.5 million units in 1978 and 119.1 million in 1979, raising total auto travel by 5%.

Per-vehicle truck mileage has dropped from 12,229 miles per-year in '72 to 11,428 in 1978 and to 10,943 in 1979. But trucks in service shot up from just 21.6 million vehicles registered in 1972 to 31.5 million in 1978 and to 33.9 million last year, the company's report noted, sending total truck mileage 40% above 1972 levels.

Almost $25 Billion More for Fuel Alone

The new Hertz report attributes almost one-third of the 1978-79 motoring expense increase -- nearly $25 billion of it -- to the explosive rise in gasoline and diesel fuel prices which sent this category total to almost $104 billion, one-fifth of overall vehicle expenses.

At-the-pump prices shot up an average of 40% for the year -- with December levels far above that. But greater fuel efficiency of later-model autos, coupled with the travel reduction, held the actual advance in spending on fuel to 31% over 1978.

Per-car fuel use dropped 6% from 654 gallons a year in 1978 to 615 gallons in 1979. This use was almost 15% under the 722 gallons per car of 1972. But the rise in cars on the road put 1979 per-capita passenger car fuel consumption at 333 gallons a year, only slightly below the 337 gallons per-person used in autos seven years before.

For the first time in Hertz' nearly 30 years of vehicle expense record-keeping, fuel price increases now top the nation's overall inflationary spiral. From 1950 to 1979, per-gallon fuel prices rose 252% while the Consumer Price Index advanced 201%.

Between 1950 and 1972, the report points out, fuel cost declined in terms of constant, inflation-adjusted dollars -- rising from 26.8¢ a gallon in 1950 to 36.1¢ in 1972, a rise of only 35%. During the same 22-year period, the overall Consumer Price Index climbed 74%.

Since 1972, though, average per-gallon fuel costs soared 161% to 94.3¢ a gallon, against the CPI's 73% rise in the same seven-year period.

Depreciation Remains Biggest Single Item

The remaining $50 billion of the total $74.1 billion annual motoring expense increase for 1978-79 stems from higher costs of all other elements of vehicle ownership and operation, including vehicle loan interest, insurance, licenses, fees, taxes, maintenance and depreciation -- the difference between a vehicle's purchase price and its trade-in or re-sale value.

Depreciation continues to lead in total expenses, and in 1979 was up some $13.4 billion to $129.2 billion, an 11.6% increase. The Hertz calculations use depreciation, rather than vehicle purchase prices alone, since this driving expense continues even if vehicle purchases are postponed.

The study estimates new car purchase prices aggregated $60.7 billion and new truck purchase prices were $33.2 billion. Used car purchase prices amounted to $66.7 billion. Accurate used truck purchase totals are not available.

The classification of insurance, licenses and fees was up nearly $14 billion in 1979 to almost $113 billion, while interest costs advanced close to $10 billion to a $60 billion total.

Maintenance, repairs, replacement parts and equipment and other charges climbed by about $12 billion last year to a total of more than $111 billion. This segment also includes garaging, tolls and administrative expenses of large commercial vehicle fleets.

Truck Cost Rises Continue Larger Than For Cars

While aggregate passenger car outlays increased 12.9%, or some $32 billion, last year to a total of $280.1 billion, spending for trucks was up some $42 billion, or 22%, to a $236.6 billion total.

During the year the number of trucks in service climbed 7.6% from 31.5 million units registered in 1978 to 33.9 million in 1979. Car registrations of 119.1 million units showed virtually no gain over the 118.5 million on the road in 1978 -- a growth rate for autos smaller than any year since World War II, when cars in service actually declined.

Commercial vehicle expenditures now come to almost 46% of total motor vehicle spending, although trucks comprise just 22% of the nation's vehicle population and run only about 35% of overall vehicle mileage.

Car and truck mileage in 1979 totalled 1.425 trillion (excluding motorcycles), down from 1.447 in 1978, with passenger cars travelling 1.054 trillion miles. Of this, about 167 billion was business driving, 324 billion for commutation and 334 billion for "family chores" such as shopping and trips to and from schools, doctors, churches and other charitable or civic travel.

The remaining 229 billion pleasure-travel miles reflects a 13% decline from the 264 billion in 1978.

Increase Greatest Since '72

In 1950, the Hertz data shows, motorists spent some $40.6 million to run 49.2 million cars and trucks an aggregate of 458 billion miles, an average of 8.84¢ a mile for the 9,328 miles each vehicle travelled annually then. Cars that year cost just 8¢ a mile for the 9,032 miles run, trucks 12.1¢ for 10,682 miles then.

By 1972, expenditures were $187 billion for 118.5 million vehicles running an aggregate 1.268 trillion miles, an average of 14.7¢ per-mile for 10,718 miles per unit. Cars were 12.1¢ for the average 10,362 miles each ran that year, trucks 24.7¢ for 12,269 miles. In those 22 years, typical car expenses climbed just 51%, against the nation's 74% inflation rate for the same time period.

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For 1979, the $516.7 billion spent to run the 153 million vehicles 1.425 trillion miles -- 9,134 a unit -- averaged 36.3¢ a mile.

On an annual dollar basis, cars cost $724 to own and operate in 1950, $1,256 in 1972, $2,092 in 1978 and the $2,352 in 1979, while trucks were $1,294, $3,029, $6,176 and $6,978 for those years.

Over the three decades for which Hertz has reliable records, car interest payments have shown the biggest jump, 408%, while maintenance shows the smallest, 122%. In 1950, maintenance was some 19% of total car ownership and operating expenses. By 1979, this ratio had fallen to only 13%.

Both vehicle-mileage and fuel-consumption figures in the Hertz study vary slightly from industry and government data because certain vehicles, such as motorcycles and off-highway equipment, are eliminated. The study projects the firm's internal data on individual car and truck operating costs and fuel use based on the national vehicle registration and mileage statistics.

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VEHICLE OPERATING COSTS (AND FUEL USAGE) DATA FOR KEY YEARS
TABULAR SUMMARIES

Years	1950			1972			1978			1979		
Topic Description	Cars	Trucks	Total	Cars	Trucks	Total	Cars	Trucks	Total	Cars	Trucks	Total
Overall Operating Costs B$	29.2	11.4	40.6	121.6	65.4	187	248.1	194.5	442.6	280.1	236.6	516.7
-Per Unit$	724	1294	825	1256	3029	1579	2092	6167	2949	2352	6978	3377
-Per Mile ¢	.0800	.1211	.0884	.1210	.2469	.1473	.2282¢	.5404¢	.3079¢	.2657¢	.6377¢	.3626
-Per Capita $	194	76	269	586	315	901	1136	891	2027	1274	1076	2349
Depreciation Cost-Total B$	6.5	3.2	9.7	33.0	19.6	52.6	63.9B	41.9B	$115.8B	68.9	60.3	129.2
-Per Unit $	163	363	197	341	907	444	539	1649	771	579	1779	844
-Per Mile ¢	.0178	.0340	.0211	.0329	.0740	.0414	.0588	.1443	.0806	.0654	.1626	.0906
-Per Capita $	43	21	64	159	94	253	293	238	530	313	274	587
Fuel Cost Total B$	6.8	2.8	9.5	25.3	10.6	35.9	53.5	25.5	79.0	69.0	34.7	103.7
-Per Unit	167	318	193	261	491	303	451	808	526	580	1022	678
-Per Mile	.0185	.0298	.0207	.0252	.0400	.0283	.0492	.0707	.0550	.0655	.0934	.0723
-Per Capita	45	19	63	122	51	173	245	117	362	314	158	471
Other Cost Total B$	15.9	5.4	21.4	63.3	35.2	98.5	130.7	117.1	247.8	142.1	141.6	283.1
-Per Unit $	395	614	435	654	1630	831	1102	3719	1651	1193	4177	1850
-Per Mile ¢	.0437	.0574	.0466	.0631	.1328	.0776	.1202	.3254	.1724	.1348	.3817	.1987
-Per Unit Analysis												
(Lic. Fees, Ins.)	145	261	165	248	617	315	433	1508	659	461	1706	735
(Interest)	51	92	58	111	283	142	226	735	332	259	849	389
(Repairs, etc.)	200	261	212	296	728	374	443	1475	660	473	1622	727
New Veh. Purch. Pri.-Tot.B$	10.2	2.0	12.2	35.4	11.4	46.8	59.4	32.0	91.4	60.7	33.2	93.9
-Per Unit	1612	1846	1627	3404	4542	3628	5427	8076	6138	5873	9586	6804
New Veh. Registered (Mil.)	6.3	1.1	7.5	10.4	2.5	12.9	10.9	4.0	14.9	10.3	3.5	13.8
Total Veh. On Road (Mil.)	40.3	8.8	49.2	96.8	21.6	118.5	118.6	31.5	150.1	119.1	33.9	153.0
Miles Per Vehicle	9032	10682	9328	10362	12269	10718	9165	11428	9640	8850	10943	9314
Total Vehicle Miles Travelled (Bil.)	364	94	458	1003	265	1268	1087B	360B	1447B	1054B	371	1425B
--VMT Per Capita	2415	624	3039	4834	1277	6111	4977	1648	6580	4793	1687	6480
Fuel Use (Bil. Gals.)	25.2	10.3	35.5	70.0	29.5	99.5	77.6	38.3	115.9	73.2	38.6	111.8
Fuel Use Per Vehicle	626	1170	722	722	1365	840	654	1216	772	615	1139	731
Fuel Use Per Capita	168	68	236	337	143	480	355	175	531	333	176	508
Fuel MPG Per Unit Avg.	14.4	9.1	12.9	14.3	9.0	12.9	14.0	9.4	12.5	14.4	9.6	12.8
Personal Income B$			227.6			939.1			1708.0			1924.2
Gross National Product			286.2			1171.1			2127.6			2368.8
Consumer Price Index			72.11			125.3			195.3			217.2
Gasoline Cost Per Gallon ¢			26.8			36.1			68.2			94.3
Population Estimate (Mil.)			150.7			207.5			218.4			219.9

HERTZ ESTIMATES OF 1979-MODEL PASSENGER CAR OPERATING COSTS

Per Mile Expenses at Various Annual Mileages for Different Years of Service and Car Type

Average Expenses / Usage Duration	'Subcompact' 10,000	'Subcompact' 15,000	'Subcompact' 25,000	'Mid-Size' 10,000	'Mid-Size' 15,000	'Mid-Size' 25,000	Intermediate 10,000	Intermediate At Average Annual '79 Mileage	Intermediate ¢P.M.	Intermediate Constant 9850 ¢ Pr. Mi	Intermediate 15,000	Intermediate 25,000
1 Yr.	.3180¢	.2382	.1774	.3850	.2892	.2162	.4014	13,463	.3234	.4243	.2985	.2200
2 Yrs.	.3117	.2366	.1775	.3775	.2873	.2162	.3934	12,445	.3355	.4285	.2964	.2200
3 Yrs.	.3010	.2297	.1745	.3647	.2791	.2126	.3798C	11,666	.3400A	.4279	.2880	.2165
4 Yrs.	.2805	.2171	.1695	.3403	.2640	.2067	.3538E	10,924	.3327	.3973	.2717	.2099
5 Yrs.	.2686	.2095	--	.3262	.2550	--	.3388	10,468	.3284	.3797	.2621	--
6 Yrs.	.2486	.1978	--	.3023	.2410	--	.3133	10,161	.3101	.3494	.2471	--
7 Yrs.	.2339	--	--	.2848	--	--	.2945	9,913	.2952	.3259	--	--
8 Yrs.	.2234	No Data		.2721	No Data	Over	.2810	9,640	.2863	.3094	No Data	Over
9 Yrs.	.2154	Over 100,000		.2626	100,000		.2708	9,308	.2816	.2970	100,000	
10 Yrs.	.2097	Miles		.2559	Miles		.26360	8,850	.28748	.2874B	Miles	

Estimated Intermediate-Size Passenger Car Operating Costs Per Mile

Year	Historical Data 3-Yr. Aver. Annl. Mlg.	3-Yr. Use Cost Per Mile	10-Yr. Aver. Annl. Mlg.	10-Yr. Use Cost Per Mile	At Constant 10,000 Mile A Yr. 3-Yr. Use	Aver. 10 Yr. Use	Current Data -- Yearly Expenses: At Yearly 1979 Miles Travelled Over Car's Life Use Yr.	Mile-age	¢ Per Mile	At Constant 1979 Mileage Per Year 10,000 Miles ¢ Per Mi.	8,850 Miles ¢ Pr. Mi.
1950	12771	9.3¢	9032	8.0¢	10.9¢	7.7¢	1st	13463	.3234	.4014	.4243
1960	13497	12.2	9545	9.8	14.4		2nd	11427	.3498	.3854	.4327
1970	14267	14.7	10090	12.1	19.0		3rd	10108	.3511	.3526	.4267
1971	14567	14.3	10280	11.9	18.7		4th	8696	.3033	.2758	.3055
1972	14652	15.1	10362	12.1	19.7	12.	5th	8647	.3067	.2788	.3093
1973	13570	16.2	9597	13.4	20.2	13.1	6th	8627	.1991	.1858	.1979
1974	12300	20.7	8732	17.1	23.8	15.9	7th	8426	.1874	.1817	.1849
1975	12561	23.2	8901	18.9	27.2	17.7	8th	7723	.2064	.1865	.1939
1976	11885	24.8	9015	20.1	28.1	17.9	9th	6658	.2271	.1892	.1978
1977	12127	26.2	9199	20.8	30.1	20.0	10th	4725	.3902	.1988	.2010
1978	12082	29.1	9165	23.1	33.5	22.0	Aver.	8850	.28748	.26360	.2874B
1979	11666	34.0A	8850	28.7B	38.0C	26.4D					

Operating Cost Breakout for 'Intermediate' Car at 10,000 Miles Per Year

Model Year		1979		1978		1977	1976	1975	1974	1975
Purchase Price		$6,161		$5,578		$5,211	$4,864	$4,676	$3,934	$3,493
Years Of Use	3 Yrs.	4 Yrs.	10 Yrs.	3 Yrs.	10 Yrs.	3 Yrs.	3 Yrs.	3 Yrs.	3 Yrs.	3 Yrs.
Depreciation	.1561	.1278	.0604	.1413	.0547	.1328¢	.1277¢	.1262¢	.1062¢	.0943¢
Licenses, Fees	.0056	.0056	.0056	.0051	.0051	.0048	.0046	.0046	.0043	.0040
Insurance	.0734	.0734	.0624	.0647	.0531	.0560	.0445	.0342	.0327	.0310
Interest (Finance Purch.)	.0460	.0464	.0253	.0463	.0198	.0308	.0302	.0331	.0246	.0203
'Fixed' Costs Subtotal	.2810	.2533	.1537	.2574	.1327	.2244	.2070	.1981	.1678	.1496
Maintenance	.0248	.0264	.0344	.0229	.0317	.0212	.0208	.0191	.0182	.0177
Gas, Oil, Lube	.0740	.0742	.0755	.0548	.0559	.0551	.0531	.0546	.0520	.0344
Variable Cost Subtotal	.0988	.1005	.1099	.0777	.0876	.0763	.0739	.0737	.0702	.0521
GRAND TOTAL FIXED & VARIABLE COSTS	.3798¢C	.3538E	.2636¢D	.3355¢	.2203¢	.3007¢	.2809¢	.2718¢	.2380¢	.2017¢

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MILEAGE TRAVELLED AND FUEL USED BY VEHICLE TYPE AND PURPOSE
(in Billions of Miles and Billions of Gallons)

Year	Non-Personal Travel By Passenger Cars		Trucks*		PERSONAL PASSENGER CARS				TOTAL NON-PLEASURE*		PLEASURE TRAVEL	
					Non-Personal Use		(Commutation Use)					
	Miles	Fuel Use	Miles	Fuel Use	Miles	Fuel Use	(Miles)	(Fuel Use)	Miles	Fuel Use	Miles	Fuel Use
1950	62.3B	4.33 B	94B	10.3 Bg	207B	14.38 Bg	102B	7.06 Bg	363B	29.01 Bg	95 B	6.49 Bg
1960	100.6	7.03	131	16.7	334	23.36	170	11.87	566	47.09	153	10.81
1970	159.8	11.66	220	26.5	508	37.08	268	19.53	888	75.24	233	17.06
1971	164.6	12.01	232	28.0	549	40.07	287	20.98	945	80.08	241	17.42
1972	167.0	11.68	265	29.5	573	40.07	303	21.20	1005	81.25	263	18.25
1973	157.4	12.11	260	30.4	561	43.15	297	22.88	978	85.66	259	19.64
1974	143.9	11.51	274	29.9	529	42.32	281	22.46	946	83.73	244	19.47
1975	148.2	11.31	270	29.7	553	42.21	294	22.42	972	83.22	254	19.68
1976	154.7	10.67	302	33.1	572	43.01	303	22.82	1029	86.78	262	20.72
1977	161.1	10.39	338	36.7	630	45.99	323	23.58	1129	93.08	258	20.22
1978	171.1	10.06	360	38.3	652	46.57	334	23.89	1183	94.93	264	20.97
1979	166.7	9.26	371	38.6	658	45.69	324	22.50	1196	93.55	229	18.25

* Note: Many light-duty trucks are used for pleasure travel, but mileage figures cannot be computed accurately, therefore, non-pleasure truck and overall non-pleasure travel totals are believed to be somewhat over-stated. All data are projections and estimates based on government and motor vehicle industry public figures. Trucks are also used for commutation.

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